



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

10/001,900

11/14/2001

Steven M. Bloom

09857-073001

8995

26161 7590 07/22/2008

FISH & RICHARDSON PC  
P.O. BOX 1022  
MINNEAPOLIS, MN 55440-1022

EXAMINER

CHANDLER, SARA M

ART UNIT

PAPER NUMBER

3693

MAIL DATE

DELIVERY MODE

07/22/2008

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/001,900	<b>Applicant(s)</b> BLOOM ET AL.	
	<b>Examiner</b> SARA CHANDLER	<b>Art Unit</b> 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 25 March 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1,2,4-8,10-13,15-19 and 21-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-2, 4-8, 10-13, 15-19 and 21-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Response to Amendment***

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 10/001,900 (11/14/01) filed on 03/25/08.

### ***Claim Interpretation***

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow. See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result, but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result, but does not result in a structural difference between the claimed invention and the prior art.

In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as “*if, may, might, can could*”, as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as “*wherein, whereby*”, that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) “adapted to” or “adapted for” clauses,
- (C) “wherein” clauses, or
- (D) “whereby” clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct

Art Unit: 3693

inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d)

may be used to overcome an actual or provisional rejection based on a nonstatutory

double patenting ground provided the conflicting application or patent either is

shown to be commonly owned with this application, or claims an invention made as

a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1-26 are rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-18 and 20-34 of U.S. Patent No.

7,249,086. Although the conflicting claims are not identical, they are not patentably

distinct from each other because both applications are drawn to a creation unit basket of

securities for a first fund (or financial product) having a basis that is substantially the

same basis as a creation unit basis for a second fund (or financial product) that is traded on a second marketplace in a different country than that of the first fund (or financial product) and in this environment securities for a first fund (or financial product) can be exchanged for securities for a second fund (or financial product).

Claims 1-12 provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-12, respectively of copending Application No. 10/077,182. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to a: creation unit basket of securities for a first fund having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund; and delivering a prescribed number of shares to account for cash that may be owed between the agent and the participant.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1 and 7 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

(1) Fails to provide a 'useful, concrete, and tangible result'

The claimed invention as a whole must be useful and accomplish a practical application. That is, it must produce a "useful, concrete and tangible result." State Street, 149 F.3d at 1373-74, 47 USPQ2d at 1601-02. The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for further investigation or research (Brenner v. Manson, 383 U.S. 519, 528-36, 148 USPQ 689, 693-96 (1966). See also, MPEP § 2106.

Re Claims 1 and 7: The claims fail to provide a "useful result" because they can be read so broadly as to include statutory and nonstatutory subject matter. In both cases the claims are conclusory and merely state the goal be achieved. (See preemption discussion). The claims fail to provide a "concrete result" because they are not substantially repeatable and they cannot substantially produce the same result again. In the case of claim 1, (a) The first limitation relies on actions by a person that may or may not happen (i.e., "delivering by a market participant...", (b) The second limitation (i.e., delivering a prescribed number of shares..." is dependent on an intended use/result (i.e., to account for cash that is owed by the agent to the participant) but an intended use/result is neither guaranteed or required to occur. (c) The claim is indefinite because the meaning of terms in the claim is unclear (e.g., substantially). In the case of claim 7, (a) The only limitation (i.e., determine a second number of shares...." is dependent on an intended use/result (i.e., to account for cash that is owed by the agent) but an intended use/result is neither guaranteed or required to occur. The limitation also relies on passive language that also not guaranteed or required to occur (e.g., to allow the agent to deliver a second number of shares.....) (b) The claim is indefinite because the meaning of terms in the claims are unclear (e.g., substantially).

(2) Not a proper method (i.e., process) claim.

In order for a method to be considered a "process" under 101, a claimed process must either: (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials). *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972).

It is thus clear that the present statute does not allow patents to be issued on particular business systems - such as a particular type of arbitration - that depend entirely on the use of mental processes. In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone, a field of endeavor that both the framers and Congress intended to be beyond the reach of patentable subject matter. Thus, it is established that the application of human intelligence to the solution of practical problems is not in and of itself patentable. *Comiskey*, 499 F.3d 1365.

Re Claim 1: At best, the method claim provides only a nominal recitation of another statutory class. As noted supra, a method claim is defined by the steps or acts performed. If that is the case, the only steps performed by the claimed method are "recording.... " and "recording....." In other words, the claimed method is just storing data.

The steps performed by the computer do not require any transformation or use of this data. The data recorded by the computer is not used by the computer to perform any calculation or render any decision. The data recorded by the computer is nothing more than nonfunctional descriptive material. The data is considered to be non-functional, and thus not further limiting, because the particular data obtained has no bearing on the actively recited steps of the method claim.



Art Unit: 3693

Certain types of descriptive material, such as music, literature, art, photographs, and mere arrangements or compilations of facts or data, without any functional interrelationship is not a process, machine, manufacture, or composition of matter. See MPEP § 2106, II.

When nonfunctional descriptive material is recorded on some computer-readable medium, in a computer or on an electromagnetic carrier signal, it is not statutory since no requisite functionality is present to satisfy the practical application requirement. Merely claiming nonfunctional descriptive material, i.e., abstract ideas, stored on a computer readable medium, in a computer or on an electromagnetic carrier signal, does not make it statutory. See *Diamond v. Diehr*, 450 U.S. 175, 185-6, 209 USPQ 1, 8 (noting that the claims for an algorithm in *Benson* were unpatentable as abstract ideas because “[t]he sole practical application of the algorithm was in connection with the programming of a general purpose computer.”) Such a result would exalt form over substance. *In re Sarkar*, 588 F.2d 1330, 1333, 200 USPQ 132, 137 (CCPA 1978) .

Furthermore, the method claim relies entirely on decisions and actions by people (i.e., the market participant and agent) and the claim is recited in a way that does not make the actions of these people required (e.g., intended use/result language, passive language).

### (3) Preemption

The courts have also held that a claim may not preempt ideas, laws of nature or natural phenomena. The concern over preemption was expressed as early as 1852. See *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852). See also, MPEP § 2106.

One may not patent a process that comprises every "substantial practical application" of an abstract idea, because such a patent "in practical effect would be a patent on the [abstract idea] itself" *Benson*, 409 U.S. at 71-72, 175 USPQ at 676, *cf. Diehr*, 450 U.S. at 187, 209 USPQ at 8. See also, MPEP § 2106.

Re Claim 1: The claimed invention recites two steps “recording by the computer, delivery.....” and “recording by the computer, delivery.....” These steps merely describe the goal to be achieved by the claimed invention but, fails to recite how those steps are

implemented. For example, before any delivery can occur one must identify how they are getting a prescribed number of shares, a creation unit etc. Also, essential steps are missing. For example, the steps in the dependent claims such as calculating the amount of cash needed to be exchanged relies on the step of calculating the net asset value of the first fund at the close of trading in the second country in which the second fund is trading having already occurred in the independent claim.

Re Claim 7: The claimed invention recites a single limitation "determine a second number of shares in the second fund...." The limitation describes the goal to be achieved by the claimed invention but, fails to recite how it is implemented. The claim limitation is also dependent on language that is not guaranteed or required to occur. The remainder of the claim limitation recites the intended use/result to desired, "to account for cash that is owed by an agent that issues the shares....." but an intended use/result is neither guaranteed or required to occur. The limitation also relies on passive language that is also not guaranteed or required to occur (e.g., to allow the agent to deliver a second number of shares.....)

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-26 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1,7,12,18 and 23 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The omitted steps are:

In claims 1,7,12,18 and 23 are conclusory without identifying the process necessary to arrive at that conclusion. For example, in claim 1, the "recording by the computer, the delivery" is conclusory without identifying the process necessary to arrive at that conclusion. For example, before delivering can occur one must identify how they are getting a prescribed number of shares, a creation unit etc? What criteria is used for determining what the prescribed number of shares will be etc?

In claims 1,7,12,18 and 23, the claims make reference to intended use/intended results without giving any life or meaning to these statements in the claims. Also, the claims recites language that is passive in the claim because it could be done but, does not have to be done. For example, the claim recites, "to account for a cash amount owed....." but the claimed invention makes no reference to determining when and why a cash amount would even be owed, how the cash amount owed is calculated etc.

In claims 1,7,12,18 and 23, the dependent claims rely on certain steps and or elements that fail to occur in the independent claims (e.g., net asset value/value). For example, the calculating the amount of cash needed occurring in 2,8,13,19 and 26 relies on the step of calculating the net asset value of the first fund at the close of trading in the second country in which the second fund is trading having previously occurred in the process. None of the independent claims address calculating the net

asset value. Thus, dependent claims bear no relationship to the steps performed in the independent claim.

In claim 1, the preamble is drawn to a method of producing a financial product but the claimed invention fails to accomplish that result. How is the financial product produced?

The term "substantially" in claims 1, 7, 12, 18 and 23 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. How is "substantially the same basis" measured?

Claims 2, 4-6, 8, 10-11, 13, 15-17, 19, 21-22 and 24-26 recite the limitation "cash", "cash amount" etc. Is this the cash amount owed? The cash amount needed? Or is it some other cash amount?

Claims 2, 8 and 13 recite the limitations "the net asset value of the second fund". There is insufficient antecedent basis for these limitations in the claims. Claims 19 and 24 recite the limitations "the net asset value of at the close of trading of the second exchange-traded fund". There is insufficient antecedent basis for these limitations in the claims.

Claims 4, 10 and 15 recite the limitation "the value of the first fund shares to the value of the second fund shares". Claim 25 recites the limitation "the value of the first exchange-traded fund to the value of the second exchange-traded fund". There is

insufficient antecedent basis for this limitation in the claim. Is the value the net asset value or some other value?

Claim 12 recites the limitation "record the number of shares issued in the first financial product". This is indefinite because no shares were issued as a part of the claimed invention, it is thus unclear what shares are recorded.

Dependent claims are further rejected based on the same rationale as the claims from which they depend.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1,2, 4-8,10-13,15-19 and 21-26** are rejected under 35 U.S.C. 103(a) as being unpatentable over Gastineau, US Pub. No. 2001/0025266 in view of "Exchange traded funds—the wave of the future ?," by Stuart M. Strauss. The Investment Lawyer. Englewood Cliffs: Apr. 2000. Vol. 7, Iss. 4.

**Re Claim 1:** Gastineau discloses a method of producing shares of a first fund, which are that is traded on a first marketplace, the method executed on a computer, the method comprising:

recording by the computer, delivery by a market participant to an agent for the first fund, of a creation unit basket of securities having a creation unit basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a second, different country than that of the first fund (Gastineau, [0001] [0002] [0003] [0004]);

Gastineau fails to explicitly disclose:

recording by the computer, delivery of a prescribed number of shares in the first fund to the market participant, in exchange for the creation unit basket of securities and a second number of shares in the second fund to account for cash that is owed by the agent to the participant.

Strauss discloses:

recording by the computer, delivery of a prescribed number of shares in the first fund to the market participant, in exchange for the creation unit basket of securities and a second number of shares in the second fund to account for cash that is owed by the agent to the participant.(Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a method further comprising recording by the computer, delivery of a prescribed number of shares in the first fund to the market participant, in exchange for

the creation unit basket of securities and a second number of shares in the second fund to account for cash that is owed by the agent to the participant.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 7:** Gastineau discloses a computer program product residing on a computer readable medium, for administrating a first financial product that has shares traded in a first marketplace the first financial product based on a creation unit basket of securities having a basis that is substantially the same basis as t-he a creation unit basis for a second financial product that has shares traded on a second marketplace in a different country, (Gastineau, [0001] [0002] [0003] [0004]), the computer program product comprising instructions for causing a processor to:

Gastineau fails to explicitly disclose:  
determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares in the first financial product, the agent delivering a second number of shares in the second financial product in lieu of the cash.

Strauss discloses:  
determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares in the first financial product, the agent delivering a second number of shares in the second financial product in lieu of the cash.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer program product comprising instructions for causing a processor to: determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares in the first financial product, the agent delivering a second number of shares in the second financial product in lieu of the cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 12:** Gastineau discloses a system, comprises:  
a computer (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]); and  
a storage medium storing a computer program product for administering a first financial product that has shares traded in a first marketplace the first financial product based on a creation unit basket of securities having a basis that is substantially the same basis as the creation unit basis for a second financial product that has shares traded on a second marketplace in a different country, (Gastineau, abstract, [0010] [0020]), the computer program product comprising instructions for causing a processor to:

Gastineau fails to explicitly disclose:  
record the number of shares issued in the first financial product; and  
determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a



participant that receives the shares, the agent to delivering the second, number of shares in the second financial product in lieu of the cash; and

record the second number of shares delivered in the second financial product.

Strauss discloses:

record the number of shares issued in the first financial product (Strauss, pgs. 1-3); determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares, the agent to delivering the second, number of shares in the second financial product in lieu of the cash; (Strauss, pgs. 1-3); and record the number of shares delivered in the second product (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer program product comprising instructions for causing a processor to: record the number of shares issued in the first financial product; and determine a second number of shares in the second financial product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares, the agent to delivering the second, number of shares in the second financial product in lieu of the cash; and record the second number of shares delivered in the second financial product.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 18:** Gastineau discloses a computer program product residing on a computer readable medium for administrating a first exchange-traded fund, the computer program product (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]), comprising instructions for causing a processor to:

record creation of the first exchange-traded fund, the first exchange-traded fund having a prescribed number shares for trading in a first country, the first exchange-traded fund produced by delivery to an agent, in exchange for the prescribed number of shares of a creation unit basket having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund that has shares traded on a second marketplace in a different country (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]);

Gastineau fails to explicitly disclose:

determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash; and

record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash.

Strauss discloses:

determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash (Strauss, pgs. 1-3); and

record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash; and record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 23:** Gastineau discloses a method for administering a first exchange-traded fund, the method executed on a computer system, the method comprising: recording by the computer system, delivery from a participant to an agent of a creation unit basket of securities for the first exchange-traded fund in exchange for a prescribed number of shares in the first exchange-traded fund, the shares for the first exchange-traded fund trading in a first country and the first exchange-traded fund having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund traded in a second, different country (Gastineau, [0001] [0002] [0003] [0004]);

Gastineau fails to explicitly disclose:

determining by the computer system a number of shares in the second exchange-traded fund to deliver to the participant to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash; and  
recording by the computer system the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash.

Strauss discloses:

determining by the computer system a number of shares in the second exchange-traded fund to deliver to the participant to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash (Strauss, pgs. 1-3); and  
recording by the computer system the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide determining by the computer system a number of shares in the second exchange-traded fund to deliver to the participant to account for cash that is owed by the agent to the participant the agent to delivering the second number of shares in the second exchange-traded fund in lieu of the cash; and

Art Unit: 3693

recording by the computer system the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for the cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claims 2 and 8:** Gastineau in view of Strauss disclosed the claimed method/computer program product supra and Strauss further discloses the method/computer program product comprising:

calculating by the computer system an amount of cash needed to be exchanged between agent and the participant to have the first fund equate to the second fund at the net asset value of the second fund at the close of trading of the second fund in the second country (Strauss, pgs. 1-3);

wherein if the cash needed to be exchanged is owed by the agent to the participant that cash is settled in the second number of shares in the second fund (Strauss, pgs. 1-3).

**Re Claims 4 and 10:** Gastineau in view of Strauss disclosed invention supra and Strauss further discloses wherein the amount of cash equates the value of the first fund shares to the value of the second fund shares (Strauss, pgs. 1-3); and wherein the amount of cash exchanged from the agent to the market participant or from market participant to the equates the value of the first financial product shares to the value of the second fund financial product shares (Strauss, pgs. 1-3).

**Re Claims 5,6 and 11:** Gastineau in view of Strauss disclosed the claimed invention supra and Strauss further discloses wherein the agent sets a maximum cash amount that it will give to participants (Strauss, pgs. 1-3); and wherein when the maximum cash amount is exceeded, the exceeding of the maximum cash amount will result in issuance of the second fund shares along with the prescribed number of first fund shares (Strauss, pgs. 1-3).

**Re Claim 17:** Gastineau in view of Strauss discloses the claimed computer program product supra and Strauss further discloses determine a prescribed number of shares in the first product provided to the participant in exchange for the creation unit basket (Strauss, pgs. 1-3).

**Claims 13, 19 and 24** contain features or limitations recited in Claims 2 and 8, therefore they are rejected under the same rationale.

**Claim 15,21 and 25** contains features or limitations recited in Claims 4 and 10, therefore they are rejected under the same rationale.

**Claims 16, 22 and 26** contain features or limitations recited in Claims 5,6 and 11, therefore they are rejected under the same rationale.

### ***.Response to Arguments***

#### **Double Patenting**

Terminal Disclaimer has not been filed.

#### **Claim Objections**

Withdrawn in light of applicant's amendment.

See discussion supra.

**112**

See discussion supra.

**103**

Applicant's arguments have been fully considered but they are not persuasive.

The claimed invention would have been obvious to one of ordinary skill in the art. The concept of exchange-traded funds was old and well-known at the time the invention was made. See citation supra for Gastineau.

The concept of in-kind purchase and redemption with respect to exchange-traded funds was old and well-known at the time the invention was made. In exchange for a given creation unit for a fund, a number of shares plus/minus a cash component could be exchanged, such that the values exchanged are equal. Furthermore, it was old and well-known that this purchase and redemption occurred at net asset value. See citation supra for Strauss.

As suggested by Strauss allowing for purchase and redemption at net asset value helps to close any gap that may exist between the market price of the shares and the net asset value, which can be closed through arbitrage.

Applicant argues, that it is non-obvious that when the creation unit basis between the first fund and the second fund are the same (or nearly the same) and when the net asset value is taken at the same time, that shares in the second fund could also be used. It is noted that this is also obvious in light of the teachings of Gastineau and Strauss. This is also a type of in-kind exchange that is common in fields related to

Art Unit: 3693

bartering, trading and exchanges. The idea that something (i.e., usually other than money) that is an equivalent or near equivalent (i.e., in value, use etc.) can be given as an alternative or replacement for something else.

Re claims 1-2, 4-8, 10-13, 15-19 and 21-26: Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art. Thus, the claimed subject matter likely would have been obvious under KSR. KSR, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

Applicant argues the term “substantially” is not indefinite

The term “substantially” remains indefinite. The cited portions of applicant’s specification define or liken the term “substantially” to “preferably essentially identical to.” The term “essentially” however, is also a relative term. Defining a relative term by using another relative term fails to cure the claim indefiniteness. Similarly, the reference in applicants remarks that substantially is “akin to about” is also ineffective because the term “about” is also a relative term.

Intended use

See discussion supra regarding claim interpretation.

Automation

It is not ‘invention’ to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result. *In re Venner*, 120 USPQ 192 (CCPA 1958) *In re Rundell*, 9 USPQ 220

Hindsight

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that



any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

#### Documentary Evidence

Although Examiner disagrees with applicant's assertion that a rejection was made on the basis of Official Notice, it is noted that support may be found in Strauss *supra* as first noted in the office action 07/24/07. Also, applicant may review the references made of record but, not relied upon in the office action 07/24/07 as additional support.

#### **.Remarks**

As noted in the interview 06/18/08, the following measures may help advance prosecution in this case.

1. 101- Spell out steps performed and provide more than nominal recitation of another statutory class (i.e., computer).
2. 112 - File a 132 affidavit and/or reference clarifying the scope and meaning of "substantially" as used in the claim.
3. Double patenting- File terminal Disclaimer.
4. General advice: (a) Single method, system, computer program product claim w/ limitation that mirror each other in the body of the claim w/exception of differences in statutory class. (b) Incorporate in each independent claim language regarding calculating the number of shares needed in the second fund and requirements regarding NAV.

Art Unit: 3693

Applicant may consider the following as a starting point for drafting the independent claims and may wish to schedule an interview prior to submitting the next office action if further guidance is needed.

A method for administering a first exchange-traded fund that has shares traded on a first marketplace in a first country, the method executed on a computer and the method comprising:

a market participant delivering to an agent, in exchange for a prescribed number of shares in the first exchange-traded fund, a creation unit basket of securities for the first exchange-traded fund having a basis that is substantially the same basis as a creation unit basket of securities for a second exchange-traded fund that has shares traded on a second marketplace in a second country;

[the computer?] recording the delivery from the market participant to the agent of the creation unit basket of securities for the first exchange-traded fund; [Is information about the delivery being stored in a database or other similar component of the computer?]

determining/calculating, [by the computer?], a number of shares in the second exchange-traded fund needed to satisfy an amount of cash that is owed between the agent and the market participant {to allow- stronger language} for delivery of the shares in the second exchange-traded fund or the other securities in lieu of the cash, [Is the information about the delivery retrieved from the database and used as an input for this calculation? Is this step performed by a processor or other similar component of the computer?]

wherein the amount of cash that is owed between the agent and the market participant is the amount of cash necessary to have the first exchange-traded fund equate to the second exchange-traded fund at a net asset value at the close of trading of the second exchange-traded fund in the second country;

delivering, by either the agent or the market participant, the number of shares in the second exchange-traded fund needed to satisfy the amount of cash owed between the agent and the market participant; and

[the computer?] recording the prescribed number of shares in the first exchange-traded fund given in exchange for the creation unit basket of securities for the first exchange-traded fund and the number of shares in the second exchange-traded fund delivered by either the agent or the market participant to satisfy the amount of cash that is owed. [Is information about the delivery being stored in a database or other similar component of the computer?].

### ***Conclusion***

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3693

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SMC

/JAGDISH N PATEL/

Primary Examiner, Art Unit 3693